

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6773**

**BILL NUMBER:** SB 418

**NOTE PREPARED:** Jan 9, 2014

**BILL AMENDED:**

**SUBJECT:** Redevelopment Commissions.

**FIRST AUTHOR:** Sen. Smith J

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Pending

**Summary of Legislation:** This bill has the following provisions:

*Fiscal Body Approval:* The bill provides that a redevelopment commission (commission) may not enter into any obligation payable from public funds without first obtaining the approval of the fiscal body of the unit that established the commission. It provides an exception if the obligation is for the acquisition of real property and the payments are for three years or less or the purchase price is less than \$5.0 M, and it specifies that the approving ordinance or resolution must include certain items.

The bill provides that a commission and a department of redevelopment are subject to oversight by the fiscal body of the unit, including review by the fiscal body of annual budgets.

*Eminent Domain:* The bill eliminates the power of a commission to acquire property by eminent domain.

*Base Assessed Value:* It eliminates the law that allows a commission to change the assessment date that determines the base assessed value of property in an allocation area.

*Residential Units:* It eliminates the authority of a commission to provide financial assistance to enable individuals to purchase or lease residential units.

*Use of Property Tax Allocations:* The bill specifies that at least 90% of the property taxes allocated to a redevelopment district and paid into an allocation fund must be used to: (1) pay bonds, leases, or other obligations; (2) provide debt service reserve; or (3) pay redemption premiums on bonds.

*TIF Expiration:* The bill specifies the expiration dates applicable to certain tax increment financing allocation areas (regardless of the date on which the allocation area was established or amended).

*Neutralization of the Base Assessed Value:* It provides that neutralization of the base assessed value after an assessment may decrease base assessed value only to the extent necessary to provide the property tax proceeds that are required to pay debt.

*Base Assessed Value Within an Allocation Area:* The bill provides that if the base assessed value within an allocation area is less than 25% of the total assessed value within the allocation area, the base assessed value shall be increased to an amount equal to the lesser of: (1) 25% of the total assessed value within the allocation area; or (2) an amount that will provide the property tax proceeds that are required to pay any bonds, leases, or other obligations.

*Allocation Fund Balance:* The bill provides that upon the expiration of an allocation area, any balance that is remaining in the allocation fund and that is not required to pay debt for the allocation area shall be transferred to the county auditor and used to provide property tax replacement credits to taxpayers in the county in the following year. It specifies that these provisions also apply to military base reuse areas outside Marion County.

*Approved Plans:* It provides that a commission may not establish a district or area, unless the fiscal body of the unit that established the commission has approved a plan that includes: (1) a description of the specific projects to be undertaken by the commission with the district or area, and a timeline specifying the beginning and ending dates for those projects; and (2) a description of the bonds, leases, or other obligations that will be issued, entered into, or incurred to finance those projects, and an estimate of the property taxes necessary to pay those bonds, leases, or obligations.

It also specifies that a plan must apply only to one specific project, and that if a redevelopment commission wishes to carry out one or more additional specific projects within the area, the redevelopment commission must adopt a separate plan for those additional projects.

The bill prohibits the amendment of a plan or of a resolution establishing an allocation area.

*Relationship to Local Unit:* It specifies that a commission and a department of redevelopment are subject to the same laws, rules, and ordinances that apply to all other commissions or departments of the unit.

*State Board of Accounts Audit:* It specifies that a commission, a department of redevelopment, and a redevelopment authority are subject to audit by the State Board of Accounts and covered by the public meetings and public records laws.

*Public Meeting:* The bill requires a commission to provide to the legislative body of the unit at a public meeting all the information supporting the action the redevelopment commission proposes to take regarding the sale, transfer, or other disposition of property.

*Excess Assessed Value:* It provides that if the amount of excess assessed value determined by the commission is expected to generate more than 200% of the amount of allocated tax proceeds necessary to carry out the commission's plan, a determination of the amount of the excess available to other taxing units by the commission must be approved by the fiscal body of the unit. It permits the fiscal body of the unit to modify the commission's determination with respect to the amount of excess assessed value.

*Fiscal Officer:* The bill requires the treasurer of a commission **outside** Indianapolis and the secretary-treasurer of a redevelopment authority **outside** Indianapolis to report quarterly to the fiscal officer of the unit that established the commission or authority. It provides that the Indianapolis controller is the fiscal officer of the commission and redevelopment authority in Indianapolis, and it authorizes the Indianapolis controller to obtain financial services on a contractual basis.

*Military Base Reuse Authority:* The bill provides that a military base reuse authority in a county other than Marion County may not exercise the power of eminent domain after June 30, 2014. It specifies that after June 30, 2014, in the case of a military base reuse area in a county other than Marion County, the determination that a geographic area is a military base reuse area must also be approved by the unit's fiscal body. It also provides that after June 30, 2014, a military base reuse authority in a county other than Marion County may not amend a resolution or plan for a military base reuse area. The bill provides that in the case of a military base reuse authority in a county other than Marion County, the military base reuse authority may not enter into a lease or issue bonds without approval of the fiscal body.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:** *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:**

**Information Sources:**

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